

COMMITTEE ON FAMILY AND CHILDREN SERVICES
Testimony Re: HB 4783 and HB 4784
December 12, 2006

My name is Adolf Armbruster and I am Government Relations Director for Holy Cross Children's Services (HCCS). Prior to my employment with HCCS, I worked for MDSS and FIA as the Child Care Fund Manager and Program Manager of a unit that developed community treatment models and policies in FIA's Bureau of Juvenile Justice.

Holy Cross Children's Services is one of Michigan's largest non-profit child welfare agencies and provides services for the state's abused, neglected and delinquent children in a variety of community-based and residential programs. The agency has been providing services to these children and their families since 1946.

HCCS fully supports **HB 4783** and **4784** for the following reasons:

1. According to DHS' Interstate Compact Unit, on any given day there are 180 or more Michigan delinquent youth placed out-of-state by our courts in places as far away as Arizona, Colorado, Florida and Pennsylvania. Many other youth are also placed in Indiana, Iowa and Wisconsin.
2. The economic impact to Michigan is huge. Using just one of the lowest out-of-state per diems, \$125.25, for an agency in Pennsylvania, the cost for 180 youth in care 365 days, yields \$8.2 million of local county and state dollars paid to out-of-state providers. The true cost, however, to Michigan taxpayers is likely much higher, since several other out-of-state providers charge considerably higher per diems.
3. Unfortunately, the outflow of taxpayer money to other states does not stop at per diem payments. We must keep in mind the number of jobs lost that are needed to support 180 youth in residential care. Since residential programs must be staffed 24 hours per day year around, Michigan is sending jobs to at least 130 out-of-state workers. Additionally, the state is not collecting payroll taxes on these 130 jobs.
4. Our economic loss does not stop with job losses either. To support 180 beds would require the goods and services of many Michigan industries and vendors. I do not know what this dollar figure would be, but it is significant and could be accurately calculated.
5. Most of the out-of-state agencies provide little, if any, services to the families in Michigan.

It has been argued that our courts need to find services out-of-state because Michigan's public and private child welfare systems are not providing the *specialized* services that these 180 youth need. But, this is not a fair argument.

Historically, Michigan has been one of the nation's leading states in child welfare services. The public and private sectors today offer a great variety of treatment beds, including specialized treatment for sex offenders, substance abusers, slow learners and mental health impaired youth. In the private sector, at least, many of these beds are vacant on any given day.

Current Michigan law requires courts to meet two conditions before placing a youth out-of-state:

- The out-of-state facility provides specialized services that are not available in a Michigan facility, and,
- That when an in-state and out-state-agency each has available bed space, the courts shall use the provider doing business in our state.

We believe that these conditions are largely not being met. There is certainly no oversight or monitoring system that can assure that these conditions are being satisfied.

Thank you for allowing me this opportunity to voice the concerns of Holy Cross Children's Services.